

## Message Text

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ACTION EUR-12

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 3460

INFO AMCONSUL ZAGREB

C O N F I D E N T I A L BELGRADE 3581

E.O. 11652: GDS

TAGS: PGOV, ELAR, YO

SUBJECT: YUGOSLAV FEDERAL COUNCIL SYSTEM

REF: CIRL-EE2-75, P. 28, QUESTION 4

1. SUMMARY: AMBASSADOR'S COURTESY CALLS ON FEC VICE PRESIDENTS SEFER AND VRATUSA PROVIDED INTERESTING INSIGHTS INTO FUNCTIONS OF YUGOSLAVIA'S FOUR FEDERAL COUNCILS. ACCORDING TO SEFER AND VRATUSA COUNCILS ARE DELIBERATIVE BODIES WITHOUT DIRECT AUTHORITY, BUT IN BRINGING TOGETHER MAJOR POLITICAL AND NATIONAL ELEMENTS ARE IN FACT KEY POLICYMAKING ORGANS OF YUGOSLAV GOVERNMENT. END SUMMARY.

2. COUNCILS WERE CREATED AS PERMANENT ORGANS OF GOY AFTER LONG INTERNAL DEBATE AND ARE AT LEAST IN PART YUGOSLAV RESPONSE TO POTENTIAL DANGER OF EMERGENCE OF PARALLEL POWER WHICH EXISTED AFTER LCY WAS SEPARATED FROM STATE. THE BASIC PURPOSE OF THE COUNCILS IS TO TRANSFORM 1974 CONSTITUTION INTO REALITY. THE COUNCILS HAVE BEEN IN OPERATION FOR APPROXIMATELY SIX MONTHS. ACCORDING TO SEFER A GOOD PART OF THE TIME WAS INITIALLY SPENT IN DISCUSSING JURISDICTION OF THE COUNCILS AND DECISION-MAKING PROCEDURES. SEFER GAVE IMPRESSION THAT THEY GAVE UP TRYING TO FIND AN EXACT FORMULA AND STARTED TO DELVE INTO SUBSTANTIVE ISSUES.

3. THE POLITICAL SOCIAL COUNCIL (CRATUSA) AND THE ECONOMIC COUNCIL

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(SEFER) ARE RESPONSIBLE TO THE FEC AND BECAUSE THEIR JURISDICTIONS

OVERLAP OFTEN MEET IN JOINT SESSION. THE FOREIGN POLICY COUNCIL (KARDELJ) AND THE COUNCIL FOR PROTECTION OF CONSTITUTIONAL SYSTEM (INTERNAL SECURITY) (BAKARIC) ARE RESPONSIBLE TO THE STATE PRESIDENCY.

4. SEFER SAID KARDELJ IS "PERSONAL LINK AMONG FOUR COUNCILS" AND ESTIMATED KARDELJ HAS ATTENDED 80 PERCENT OF SEFER'S COUNCIL'S SESSIONS. ACCORDING TO SEFER, KARDELJ IS BASICALLY INTERESTED IN BROAD STRATEGY OF YUGOSLAV FOREIGN AND DOMESTIC POLICIES, INCLUDING IDEOLOGICAL ISSUES.

5. COUNCIL MEMBERSHIP IS VARIABLE. SEVEN INSTITUTIONS ARE PERMANENTLY REPRESENTED BUT BY DIFFERENT PERSONS DEPENDING ON THE AGENDA. REPUBLICS AND PROVINCES ARE ALSO REPRESENTED USUALLY BY TWO OR THREE PEOPLE EACH. SEVEN INSTITUTIONS ARE: (1) STATE PRESIDENCY, (2) FEDERAL ASSEMBLY, (3) FEDERAL EXECUTIVE COUNCIL, (4) LCY, (5) SAWPY, (6) TRADE UNIONS, (7) FEDERAL ECONOMIC CHAMBER.

6. COMPOSITION OF COUNCILS ALSO VARY ACCORDING TO STAGE OF DISCUSSION WITH LARGER MEMBERSHIP IN EARLIER "IDEA EXCHANGE STAGE" AND SMALLER MEMBERSHIP OF ABOUT 25 AT STAGE OF DRAFT LAW PREPARATION.

7. NO DECISION REACHED WITHIN COUNCILS IS BINDING BUT AS BOTH SEFER AND VRATUSA EXPLAINED, COUNCILS BRING TOGETHER MOST IMPORTANT POLITICAL AND NATIONAL ELEMENTS IN YUGOSLAVIA AND BY WORKING OUT A COMMON POSITION CREATE A "POLITICAL ENVIRONMENT" IN WHICH COUNCILS' RECOMMENDATIONS ARE LIKELY TO BE ADOPTED BY ASSEMBLY. COUNCILS' WORK KEEPS FUNDAMENTAL POLITICAL AND NATIONALITY DISAGREEMENTS OUT OF ASSEMBLY.

8. SEFER MADE POINT WORK LOAD IS EXTREMELY HEAVY AND THERE IS SOMETIMES GREAT DIFFICULTY IN REACHING AGREEMENT. SEVERAL MEASURES ARE BEHIND SCHEDULE AS RESULT. COUNCILS DEAL WITH POLICY MATTERS AND PURPORTEDLY DO NOT INTERFERE WITH OPERATING PROCEDURES OF FEDERAL ORGANS SUCH AS FINANCE SECRETARIAT OR NATIONAL BANK.

9. SEFER'S COUNCIL IS CURRENTLY WORKING ON FIVE-YEAR DEVELOPMENT PLAN, NEW PLANNING SYSTEM, TAX SYSTEM, BANKING SYSTEM, AS WELL AS CONFIDENTIAL

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POLICY MATTERS CONCERNING INFLATION, FOREIGN TRADE DEFICIT, AND EXCESSIVE INVESTMENT.

10. VRATUSA'S COUNCIL IS CURRENTLY WORKING ON FURTHER ELABORATION OF RIGHTS OF ASSOCIATED LABOR, INCLUDING DRAFT LAWS ON SELF-MANAGEMENT AGREEMENTS AND SOCIAL ACCORDS, SOCIAL OWNERSHIP, AND A COMPREHENSIVE BASIC LAW OF ASSOCIATED LABOR.

11. BOTH VRATUSA AND SEFER SAID COUNCIL SYSTEM IS WORKING WELL AND WHILE SEFER EXPECTS SOME ORGANIZATIONAL CHANGES AT END OF YEAR, BOTH EMPHASIZED LONG TERM KEY ROLE THESE COUNCILS IN YUGOSLAV POLICY FORMULATION.

12. SEFER SAID YUGOSLAV NEWSPAPER REPORTERS ATTEND MOST COUNCIL SESSIONS. HE ADDED "I BRIEF THEM" AND SUGGEST WRITE THIS AND NOT THAT. THERE IS A GENTLEMEN'S AGREEMENT WITH REPORTERS NOT TO QUOTE INDIVIDUAL REMARKS MADE IN COUNCIL SESSIONS SO AS NOT TO INHIBIT FREE EXCHANGE OF IDEAS.

13. COMMENT: CRATUSA AND SEFER REMARKS PROVIDE FASCINATING INSIGHTS INTO FUNCTION OF NEW COUNCILS, THE RESPONSIBILITY OF WHICH APPARENTLY GO FAR BEYOND ADVISORY BODIES. ANY OBSERVER OF THE STRUCTURE OF YUGOSLAV SOCIETY IS IMPRESSED BY THE PROLIFERATION OF INSTITUTIONS AND CONSEQUENT DECENTRALIZATION IN BOTH A FUNCTIONAL AND GEOGRAPHIC SENSE. THE COUNCILS THEREFORE ARE OF ENORMOUS POTENTIAL IMPORTANCE SINCE ALL INSTITUTIONS AND REPUBLICS ARE REPRESENTED IN THE SAME ROOM WHILE MAJOR POLICY ISSUES ARE DETERMINED. IT IS WORTH NOTING THAT THE ARMY IS NOT SEPARATELY REPRESENTED, BUT ONLY THROUGH THE FEDERAL EXECUTIVE COUNCIL. THESE COUNCILS PRESENTLY SEEM TO BE THE KEY AND PERHAPS THE PRIMARY INSTITUTIONAL CENTERS OF YUGOSLAV FOREIGN AND DOMESTIC POLICY FORMULATION.

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